

ALLEN PARISH TOURIST COMMISSION
ANNUAL FINANCIAL REPORT AND INDEPENDENT AUDITORS' REPORT
Year Ended December 31, 2013

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ALLEN PARISH TOURIST COMMISSION

Management's Discussion and Analysis

Within this section of the Allen Parish Tourist Commission (Commission) annual financial report, the Commission's management is pleased to provide this narrative discussion and analysis of the financial activities of the Commission for the fiscal year ended December 31, 2013. The Commission's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The Commission's assets exceeded its liabilities by \$1,092,977 (net position) for the fiscal year reported.
- Total revenues of \$329,936 exceeded total expenditures of \$184,585, which resulted in a current year surplus of \$145,351, compared to a prior year surplus of \$6,475.
- Total net position are comprised of the following:
 - (1) Net investment in capital assets, net of related debt, of \$949,946 include property and equipment, net of accumulated depreciation, and are reduced for outstanding debt related to the purchase of capital assets.
 - (2) Restricted net position of \$18,607.
 - (3) Unrestricted net position of \$124,424.
- At the end of the current fiscal year, unrestricted fund balance for the general fund was 67% of total general fund expenditures and 38% of total general fund revenues.
- Overall, the Commission continues to maintain a solid financial position and is continuing to work to improve on this financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the Commission's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Commission also includes in this report additional information to supplement the basic financial statements.

ALLEN PARISH TOURIST COMMISSION

Management's Discussion and Analysis

Government-wide Financial Statements

The Commission's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Commission's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the Commission's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Commission as a whole is improving or deteriorating. Evaluation of the overall health of the Commission would extend to other nonfinancial factors such as diversification of the taxpayer base in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Commission's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Commission's distinct activities or functions on revenues provided.

The government-wide financial statements are presented on pages 13 through 14 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Commission uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Commission's most significant funds rather than the Commission as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

The Commission uses governmental funds as follows:

Governmental funds are reported in the fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Commission's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 16 through 19 of this report.

ALLEN PARISH TOURIST COMMISSION

Management's Discussion and Analysis

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 20 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the Commission's budget presentations. Budgetary comparison statements are included as "required supplemental information" for the general fund. These statements and schedules demonstrate compliance with the Commission's adopted and final revised budget. Required supplemental information can be found on page 29 of this report.

Financial Analysis of the Commission as a Whole

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the Commission as a whole.

The Commission's net position at fiscal year-end are \$1,092,977. The following table provides a summary of the District's net position:

	<u>2013</u>		<u>2012</u>	
Assets:				
Current assets and other assets	\$ 271,018	21%	\$ 381,435	30%
Capital assets	<u>1,033,946</u>	<u>79</u>	<u>885,624</u>	<u>70</u>
Total assets	<u>1,304,964</u>	<u>100%</u>	<u>1,267,059</u>	<u>100%</u>
Deferred outflows of resources	<u>-</u>	<u>100%</u>	<u>-</u>	<u>100%</u>
Liabilities:				
Current liabilities	154,987	73%	235,433	74%
Long term liabilities	<u>57,000</u>	<u>27</u>	<u>84,000</u>	<u>26</u>
Total liabilities	<u>211,987</u>	<u>100%</u>	<u>319,433</u>	<u>100%</u>
Deferred outflows of resources	<u>-</u>	<u>100%</u>	<u>-</u>	<u>100%</u>
Net position:				
Investment in capital assets, net of debt	949,946	87%	775,624	82%
Restricted	18,607	2	28,440	3
Unrestricted	<u>124,424</u>	<u>11</u>	<u>143,562</u>	<u>15</u>
Total net position	<u>\$ 1,092,977</u>	<u>100%</u>	<u>\$ 947,626</u>	<u>100%</u>

ALLEN PARISH TOURIST COMMISSION

Management's Discussion and Analysis

The Commission continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio is 1.8 to 1 (1.6 for 2012).

Note that approximately 87% (82% for 2012) of the governmental activities' net position are tied up in capital assets. The Commission uses these capital assets to provide services to its citizens.

Overall, the Commission reports net position of \$1,092,977. This amount is \$145,351 higher than last year. The Commission's overall financial position improved during fiscal year 2013.

The following table provides a summary of the Commission's changes in net position:

Revenues:	2013		2012	
Program:				
Hotel/Motel Use Tax	\$ 152,356	46%	\$ 173,813	97%
Capital Grants	174,631	53	3,236	2
General:				
Interest	789	-	746	-
Miscellaneous	2160	1	1,692	1
Total Revenues	<u>329,936</u>	<u>100%</u>	<u>179,487</u>	<u>100%</u>
Program expenses:				
Tourism Administration	180,788	98%	168,104	97%
Interest	3,797	2	4,908	3
Total Expenses	<u>184,585</u>	<u>100%</u>	<u>173,012</u>	<u>100%</u>
Change in net position	145,351		6,475	
Beginning net position	<u>947,626</u>		<u>941,151</u>	
Ending net position	<u>\$1,092,977</u>		<u>\$ 947,626</u>	

Governmental Revenues

The Commission is heavily reliant on hotel/motel use taxes. These taxes provided 98% (97% for 2012), excluding grants, of the Commission's revenues during the current year.

Governmental Functional Expenses

The total function of the Commission is to promote tourism in Allen Parish. The only other non-functional cost is interest expense related to the outstanding obligations of long-term debt. Of the total cost, depreciation on the equipment was \$25,421 or 14% of total expenses, \$22,383 or 13% for 2012.

ALLEN PARISH TOURIST COMMISSION

Management's Discussion and Analysis

Financial Analysis of the Commission's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported an ending fund balance of \$144,242, of which \$125,635 is unassigned.

The excess of revenues over expenditures for the governmental funds show a loss of \$29,345 compared to a loss of \$15,352 for the prior year.

Budgetary Highlights

The General Fund – When the original budget was adopted, it was anticipated that the total revenues were going to be \$102,513 more than the previous fiscal year, mainly due to an increase in intergovernmental revenues. The total budgeted expenditures were anticipated to be \$86,533 more than the previous year's actual expenditures. The budget was amended once during the year, the revenues mainly for a increase in intergovernmental revenues of \$63,696 and the expenditures an increase of \$63,696, mainly for capital outlay.

Capital Assets and Debt Administrators

Capital assets

The Commission's investment in capital assets, net of accumulated depreciation as of December 31, 2013, was \$1,033,946. See Note C for additional information about changes in capital assets during the fiscal year and the balance at the end of the year. The following table provides a summary of capital asset activity.

	<u>2013</u>	<u>2012</u>
Non-depreciable assets-land	\$ 109,831	\$ 111,331
Non-depreciable assets-museum artifacts	12,936	12,936
Construction in progress	174,631	-
Depreciable assets:		
Equipment	55,320	55,320
Furniture & fixtures	20,736	20,736
Buildings	755,417	755,417
Improvements	<u>108,892</u>	<u>108,280</u>
Total depreciable assets	940,365	939,753
Less accumulated depreciation	<u>203,817</u>	<u>178,396</u>
Book value-depreciable assets	<u>\$ 736,548</u>	<u>\$ 761,357</u>
Percentage depreciated	<u>22%</u>	<u>19%</u>
Book value-all assets	<u>\$1,033,946</u>	<u>\$ 885,624</u>

Construction in progress at December 31, 2013 of \$174,631 represents cost for the Myths and Legends Byway/kiosk project. The total final cost is expected to be \$550,000, funded mostly by state and local grants, with the Commission's cost expected to be \$30,000. Completion is expected in 2014.



GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

W. GEORGE GRAGSON, C.P.A.
RICHARD W. CASIDAY, C.P.A.
RAYMOND GUILLORY, JR., C.P.A.
GRAHAM A. PORTUS, E.A.
COY T. VINCENT, C.P.A.
MICHELLE LEE, C.P.A.
BRADLEY J. CASIDAY, C.P.A., C.V.A.
JULIA W. PORTUS, C.P.A.
KATHRYN BLESSINGTON, C.P.A.
JACKLYN BRANEFF, C.P.A.

INDEPENDENT AUDITORS' REPORT

June 10, 2014

Board of Commissioners
Allen Parish Tourist Commission
Oberlin, LA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Allen Parish Tourist Commission, a component unit of the Allen Parish Police Jury, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Allen Parish Tourist Commission as of December 31, 2013, and the respective changes of financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2014 on our consideration of the Allen Parish Tourist Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.



BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)

ALLEN PARISH TOURIST COMMISSION

Statement of Net Position

December 31, 2013

ASSETS	
Cash	\$ 206,618
Taxes receivable	13,684
Prepaid expenses	196
Due from intergovernmental	50,370
Security deposits	150
Capital assets, net	1,033,946
Total assets	<u>1,304,964</u>
DEFERRED OUTFLOWS OF RESOURCES	
	<u>-</u>
LIABILITIES	
Current liabilities:	
Accounts payable	34,031
Payroll taxes payable	1,645
Accrued interest payable	1,211
Unearned revenue	91,100
Long-term liabilities:	
Due within one year	27,000
Due after one year	57,000
Total liabilities	<u>211,987</u>
DEFERRED INFLOWS OF RESOURCES	
	<u>-</u>
NET POSITION	
Net investment in capital assets, net of related debt	949,946
Restricted	18,607
Unrestricted	124,424
	<u>\$ 1,092,977</u>

The accompanying notes are an integral part of the basic financial statements.

ALLEN PARISH TOURIST COMMISSION

Statement of Activities

Year Ended December 31, 2013

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenues (Expenses) and Changes in Net Position</u>
		<u>Hotel/Motel Use Tax</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:				
Tourism Administration	\$ 180,788	\$ 152,356	\$ 174,631	\$ 146,199
Interest on L-T Debt	3,797	-	-	(3,797)
Total	<u>\$ 184,585</u>	<u>\$ 152,356</u>	<u>\$ 174,631</u>	<u>142,402</u>
		General revenues:		
		Miscellaneous		2,160
		Interest		789
		Total general revenues		<u>2,949</u>
		Change in net position		<u>145,351</u>
		Net position - beginning		<u>947,626</u>
		Net position - ending		<u>\$ 1,092,977</u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

ALLEN PARISH TOURIST COMMISSION

Balance Sheet - Governmental Funds

December 31, 2013

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash	\$ 206,618	\$ 363,749
Taxes receivable	13,684	10,028
Due from intergovernmental	50,370	7,312
Prepaid expenses	196	196
Security deposits	<u>150</u>	<u>150</u>
TOTAL ASSETS	<u>271,018</u>	<u>381,435</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 271,018</u>	<u>\$ 381,435</u>
LIABILITIES		
Liabilities		
Accounts payable	\$ 34,031	\$ 1,630
Unearned revenue	91,100	204,684
Payroll taxes payable	<u>1,645</u>	<u>1,534</u>
Total Liabilities	<u>126,776</u>	<u>207,848</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
FUND BALANCES:		
Restricted	18,607	28,440
Unassigned	<u>125,635</u>	<u>145,147</u>
Total Fund Balances	<u>144,242</u>	<u>173,587</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 271,018</u>	<u>\$ 352,995</u>

The accompanying notes are an integral part of the basic financial statements.

ALLEN PARISH TOURIST COMMISSION

Reconciliation of the Balance Sheet-Governmental Fund to the
Statement of Net Position

December 31, 2013

Total fund balance for governmental fund at December 31, 2013		\$ 144,242
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 109,831	
Museum Artifacts non-depreciable	12,936	
Construction in progress	174,631	
Capital assets, net of \$203,817 accumulated depreciation	<u>736,548</u>	1,033,946
Long-term liabilities including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.		
Accrued interest payable	(1,211)	
Bonds payable	<u>(84,000)</u>	<u>(85,211)</u>
Total net position of governmental activities at December 31, 2013		<u>\$1,092,977</u>

The accompanying notes are an integral part of the basic financial statements.

ALLEN PARISH TOURIST COMMISSION

Statement of Revenues, Expenditures and
Changes in Fund Balance - Governmental Fund

Year Ended December 31, 2013

	<u>2013</u>	<u>2012</u>
REVENUES		
Hotel/Motel use tax	\$ 152,356	\$ 173,813
Interest	789	746
Intergovernmental	174,631	3,236
Miscellaneous income	3,660	1,692
TOTAL REVENUES	<u>331,436</u>	<u>179,487</u>
EXPENDITURES		
Current		
Advertising	3,859	4,661
Bank fees	80	-
Dues	445	515
Employee benefits	3,506	3,506
Insurance	9,670	5,263
Myths and Legends Byway project	-	3,236
Payroll taxes	5,042	4,819
Per diem - board members	3,800	3,250
Professional fees	6,062	5,955
Promotions	6,749	13,363
Rent	3,747	3,443
Repairs and maintenance	19,981	9,498
Salaries	65,893	62,988
Supplies	8,993	9,100
Telephone	6,642	6,673
Training and education	480	335
Travel	1,455	1,205
Utilities	8,963	7,911
Capital Outlay	175,243	18,850
Debt Service		
Principal retirement	26,000	25,000
Interest	4,171	5,268
TOTAL EXPENDITURES	<u>360,781</u>	<u>194,839</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(29,345)	(15,352)
FUND BALANCE - BEGINNING	<u>173,587</u>	<u>188,939</u>
FUND BALANCE - ENDING	<u>\$ 144,242</u>	<u>\$ 173,587</u>

The accompanying notes are an integral part of the basic financial statements.

ALLEN PARISH TOURIST COMMISSION

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance-Governmental Fund to the Statement of Activities

Year Ended December 31, 2013

Total net changes in fund balances at December 31, 2013 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$	(29,345)
The change in net position reported for governmental activities in the Statement of Activities different because:			
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances	\$	175,243	
Depreciation expense for the year ended December 31, 2013		<u>(25,421)</u>	149,822
Governmental funds report bonded debt repayments as expenditures. However, this expenditure does not appear in the Statement of Activities since the payment is applied against the bond payable on the Statement of Net Position.			
			26,000
Proceeds from sale of fixed asset			
			(1,500)
Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis			
			<u>374</u>
Total changes in net position at December 31, 2013 per Statement of Activities		\$	<u>145,351</u>

The accompanying notes are an integral part of the basic financial statements.

ALLEN PARISH TOURIST COMMISSION

Notes to Financial Statements

December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Allen Parish Tourist Commission was created by the Allen Parish Police Jury under LSA-RS 33:4574. The Commission is governed by a board of seven commissioners who are appointed by the Allen Parish Police Jury. The Commission has as its purpose the promotion of tourism within Allen Parish.

The accounting and reporting policies of the Allen Parish Tourist Commission, conform to generally accepted accounting principles as applied to governments. Such accounting and reporting procedures conform to the requirements of the industry audit guide, Audits of State and Local Governments. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

1. Reporting Entity

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Statement No. 14, the Allen Parish Tourist Commission includes all funds, account groups, et cetera, that are within the oversight responsibility of the Allen Parish Tourist Commission.

As the governing authority, for reporting purposes, the Allen Parish Police Jury is the financial reporting entity. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Allen Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

- I. Appointing a voting majority of an organization's governing body and
 - a. The ability of the Allen Parish Police Jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Allen Parish Police Jury.
- II. Organizations for which the Allen Parish Police Jury does not appoint a voting majority but are fiscally dependent on the Allen Parish Police Jury.
- III. Organizations for which the reporting entity financial statements could be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based upon the application of these criteria, Allen Parish Tourist Commission is a component unit of the Allen Parish Police Jury's reporting entity.

ALLEN PARISH TOURIST COMMISSION

Notes to Financial Statements

December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Basis of Presentation

The accompanying basic financial statements of the Allen Parish Tourist Commission have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB 34, "Basic Financial Statements-and Management's Discussion and Analysis-For State and Local Governments", issued in June 1999.

Government-Wide Financial Statements (GWFS)

The statement of net position and the statement of activities display information about the Allen Parish Tourist Commission as a whole. These statements include all the financial activities of the Allen Parish Tourist Commission's office. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions."

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the Allen Parish Tourist Commission's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include hotel/motel use tax. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements (FFS)

The Allen Parish Tourist Commission uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid managements by segregating transactions related to certain Allen Parish Tourist Commission functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Allen Parish Tourist Commission or its total assets, liabilities, revenues or expenditures of the individual governmental fund is at least 10% of the corresponding total for all governmental funds. The major fund of the Allen Parish Tourist Commission is the General Fund. The Governmental Funds are described below:

General Fund:

The general operating fund of the Commission and accounts for all financial resources, except those required to be accounted for in another funds.

ALLEN PARISH TOURIST COMMISSION

Notes to Financial Statements

December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Measurement Focus/Basis of Accounting

The amounts reflected in the governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is the reconciled, through adjustment, to a government-wide view of Allen Parish Tourist Commission operations. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The amounts reflected in the governmental funds use the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Allen Parish Tourist Commission considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for the interest and principal payments on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Those revenues susceptible to accrual are hotel/motel tax and interest.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Capital expenditures are regarded as expenditures at the time purchased.

When both restricted and unassigned resources are available for use, it is the Commission's policy to use restricted resources first, then unassigned resources as they are needed.

4. Cash

For reporting purposes, cash includes demand deposits, time deposits, and certificates of deposit. Under state law, the Allen Parish Tourist Commission may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At December 31, 2013, the Commission has cash equivalents (book balances) totaling \$206,618 in interest-bearing demand deposit accounts. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting book balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties (GASB Category 3). At December 31, 2013, the Commission has \$208,994 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance.

ALLEN PARISH TOURIST COMMISSION

Notes to Financial Statements

December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Budget

A general fund budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the government's Board of Commissioners for review. The board holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated. Expenditures may not legally exceed budgeted appropriations at the activity level.

The final budget for 2013 includes the original budget and one amendment during the year.

6. Accounts Receivable

Allen Parish Tourist Commission utilizes the allowance method to recognize doubtful accounts for taxes receivable. The allowance for doubtful accounts at December 31, 2013 was \$0.

Uncollectible amounts due for other receivables of governmental funds are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectible.

7. Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair value at the date of donation. The Allen Parish Tourist Commission maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Estimated Useful Lives</u>
Equipment	5-60 Years
Furniture & fixtures	7-60 Years
Buildings	40-60 Years
Improvements	15-60 Years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Construction in progress at December 31, 2013 of \$174,631 represents cost for the Myths and Legends Byway/kiosk project. The total final cost is expected to be \$550,000, funded mostly by state and local grants, with the Commission's cost expected to be \$30,000. Completion is expected in 2014.

ALLEN PARISH TOURIST COMMISSION

Notes to Financial Statements

December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

8. Equity Classification

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of "restricted" or "net investment in capital assets, net of related debt".

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as restricted, assigned and unassigned.

- a. Restricted fund balance – Includes fund balance amounts that are intended to be used for specific purposes based on generally outside actions.
- b. Assigned fund balance – Includes fund balance amounts that are intended to be used for specific purposes based on internal (Board) actions.
- c. Unassigned fund balance – Includes positive fund balance within the general fund which has not been classified within the above mentioned categories.

9. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

10. Long-Term Debt

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

11. Subsequent Events

Management has evaluated subsequent events through June 10, 2014, the date the financial statements were available to be issued.

ALLEN PARISH TOURIST COMMISSION

Notes to Financial Statements

December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

12. Comparative Data

Comparative totals for the prior have been presented in the accompanying financial statements in order to provide an understanding of changes in the Commission's financial position and operations.

NOTE B - HOTEL/MOTEL TAXES

Allen Parish Tourist Commission is authorized to levy and collect a tax upon the occupancy of hotel rooms, motel rooms, and overnight camping facilities within the jurisdiction of the Allen Parish Tourism Commission not to exceed three percent of the rent or fee charged for such occupancy.

NOTE C - CAPITAL ASSETS

A summary of changes in capital assets follows:

	12/31/12			12/31/13
	<u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land costs	\$ 109,831	\$ -	\$ (1,500)	\$ 109,831
Museum artifacts	12,936	-	-	12,936
Construction in progress	-	174,631	-	174,631
Other capital assets:				
Equipment	55,320	-	-	55,320
Furniture & fixtures	20,736	-	-	20,736
Buildings	755,417	-	-	755,417
Improvements	108,280	612	-	108,892
Total	<u>1,064,020</u>	<u>175,243</u>	<u>(1,500)</u>	<u>1,237,763</u>
Less: Accumulated Depreciation				
Equipment	22,934	5,678	-	28,612
Furniture & fixtures	12,495	1,368	-	13,863
Buildings	120,263	15,608	-	135,871
Improvements	22,704	2,767	-	25,471
Total	<u>178,396</u>	<u>25,421</u>	<u>-</u>	<u>203,817</u>
Net capital assets	<u>\$ 885,624</u>	<u>\$ 149,822</u>	<u>\$ (1,500)</u>	<u>\$ 1,033,946</u>

Depreciation expense in the amount of \$25,421 was charged to tourism administration. The Leatherwood Foundation donated a large number of small artifacts to the Commission during 2006. The Commission utilized certain experts to value many of the artifacts. Many of the artifacts were of nominal or indeterminable value. These items included newspaper clippings, photographs, scrapbooks, military medals, old dental paraphernalia, artwork, collectibles, and a myriad of smaller items. These items were not capitalized because there was neither a readily determinable market nor any practical valuation methods. The Commission has inventoried these items and are on display in the museum.

Construction in progress at December 31, 2013 of \$174,631 represents cost for the Myths and Legends Byway/kiosk project. The total final cost is expected to be \$550,000, funded mostly by state and local grants, with the Commission's cost expected to be \$30,000. Completion is expected in 2014.

ALLEN PARISH TOURIST COMMISSION

Notes to Financial Statements

December 31, 2013

NOTE D – COMPENSATED ABSENCES

Full time employees receive sick leave at a rate of 96 hours per year. Sick leave expires at the end of each fiscal year and has not been accrued in the financial statements. Full time employees also receive annual leave based upon length of employment. The annual leave becomes available to employees on the anniversary date of each work year. Annual leave is paid to employees upon termination of employment or retirement. Annual leave also expires at the end of each fiscal year and has not been accrued in the financial statements. Employees earn annual leave as follows:

1 Year	5 Days
2-9 Years	10 Days
10+ Years	15 Days

Accrued leave payable was \$0 for the year ended December 31, 2013.

NOTE E - LONG-TERM DEBT

1. Debt Outstanding

Bonds payable at December 31, 2013 is comprised of the following issue:

\$213,000 certificate of indebtedness dated April 6, 2006; due in annual installments of \$27,000 to \$29,000 through March 1, 2016; interest at 4.3%.	<u>\$ 84,000</u>
--	------------------

The following is a summary of the long-term debt transactions during the year ending December 31, 2013:

Long-term debt payable at 12/31/12	\$ 110,000
Additions	-
Payments	<u>26,000</u>
Long-term debt payable at 12/31/13	<u>\$ 84,000</u>

2. Debt Service Requirements to Maturity

The annual requirements to amortize all debts outstanding as of December 31, 2013, including interest, are as follows:

Year Ending December 31	Principal	Interest	Total
2014	\$ 27,000	\$ 3,032	\$ 30,032
2015	28,000	1,849	29,849
2016	<u>29,000</u>	<u>623</u>	<u>29,623</u>
	<u>\$ 84,000</u>	<u>\$ 5,504</u>	<u>\$ 89,504</u>

NOTE F - RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Commission. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

ALLEN PARISH TOURIST COMMISSION

Notes to Financial Statements

December 31, 2013

NOTE G – PER DIEM

Per diem paid commissioners for the year ended December 31, 2013 were as follows:

Mike Karam	\$ 600
Betty Clement	550
Wilma Hargrove	600
Martha Turner	550
Keith Guillory	450
Glenn Bledsoe	550
Odessa House	500
	<u>\$ 3,800</u>

NOTE H – COOPERATIVE ENDEAVOR AGREEMENT

In March 2010 the Commission was awarded the "Myths and Legends Byway" grant for \$402,712. The grant will be expended over a three year period. The grant has a 20% matching component, to which Allen, Beauregard, and Vernon Parish Tourist Commissions have agreed to share evenly. Therefore, the cost to Allen Parish Tourist Commission will be \$26,847 over the three year period. Unearned revenue of \$56,215 represents grant/matching funds received through December 31, 2013 that have not been spent.

In addition, the Commission was awarded a \$182,134 grant dated December 1, 2012 to fund additional kiosks for the Myths and Legends Byways project. \$34,885 is reported as unearned revenue at December 31, 2013. The remainder of the grant will be received in 2014.

NOTE I – OPERATING LEASES

The Commission leases a copier whose lease expires December 2014. Lease expense was \$3,747 for 2013.

Minimum lease payments on long-term operating leases by year, and in aggregate, are as follows:

<u>Year Ended</u>	
December 31, 2014	\$2,808

NOTE J – RESTRICTED NET POSITION

The Commission received \$12,000 from the Allen Parish Police Jury to paint and repair the Commission's building. The funds remaining at December 31, 2013 are \$2,805 and are expected to be spent in 2014.

The Commission received \$19,172 from the Louisiana Tourism Recovery Program to build a bath house. The funds remaining at December 31, 2013 are \$15,802 and are expected to be spent in 2014.

REQUIRED SUPPLEMENTAL INFORMATION

ALLEN PARISH TOURIST COMMISSION

Budgetary Comparison Schedule - General Fund

Year Ended December 31, 2013

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Hotel/Motel use tax	\$ 180,000	\$ 175,250	\$ 152,356	\$ (22,894)
Interest	2,000	2,000	789	(1,211)
Intergovernmental	100,000	163,696	174,631	10,935
Miscellaneous income	-	-	3,660	3,660
TOTAL REVENUES	<u>282,000</u>	<u>340,946</u>	<u>331,436</u>	<u>(9,510)</u>
EXPENDITURES				
Current				
Advertising	8,000	8,000	3,859	4,141
Bank fees	50	50	80	(30)
Dues	500	500	445	55
Employee benefits	3,510	3,510	3,506	4
Insurance	10,500	10,500	9,670	830
Myths and Legends Byway project	-	-	-	-
Payroll taxes	6,500	6,500	5,042	1,458
Per diem - board members	4,200	4,200	3,800	400
Professional fees	5,500	5,500	6,062	(562)
Promotions	12,150	12,150	6,749	5,401
Rent	3,000	3,000	3,747	(747)
Repairs and maintenance	6,500	6,500	19,981	(13,481)
Salaries	65,000	65,000	65,893	(893)
Supplies	8,750	8,750	8,993	(243)
Telephone	6,000	6,000	6,642	(642)
Training and education	1,000	1,000	480	520
Travel	3,000	3,000	1,455	1,545
Utilities	7,500	7,500	8,963	(1,463)
Capital Outlay	100,100	163,796	175,243	(11,447)
Debt Service				
Principal retirement	26,000	26,000	26,000	-
Interest	3,612	3,612	4,171	(559)
TOTAL EXPENDITURES	<u>281,372</u>	<u>345,068</u>	<u>360,781</u>	<u>(15,713)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	628	(4,122)	(29,345)	(25,223)
FUND BALANCE - BEGINNING				
	<u>173,587</u>	<u>173,587</u>	<u>173,587</u>	<u>-</u>
FUND BALANCE - ENDING				
	<u>\$ 174,215</u>	<u>\$ 169,465</u>	<u>\$ 144,242</u>	<u>\$ (25,223)</u>



GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

W. GEORGE GRAGSON, C.P.A.
RICHARD W. CASIDAY, C.P.A.
RAYMOND GUILLORY, JR., C.P.A.
GRAHAM A. PORTUS, E.A.
COY T. VINCENT, C.P.A.
MICHELLE LEE, C.P.A.
BRADLEY J. CASIDAY, C.P.A., C.V.A.
JULIA W. PORTUS, C.P.A.
KATHRYN BLESSINGTON, C.P.A.
JACKLYN BRANEFF, C.P.A.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

June 10, 2014

Allen Parish Tourist Commission
Oberlin, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Allen Parish Tourist Commission, a component unit of the Allen Parish Police Jury, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated June 10, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Allen Parish Tourist Commission's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies, or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Allen Parish Tourist Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or others matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Governmental Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable of any other purpose.

Gragson, Casiday & Guillory

ALLEN PARISH TOURIST COMMISSION

Schedule of Findings and Responses

Year Ended December 31, 2013

1. Summary of Auditors' Results:

Type of auditors' opinion issued: unqualified

Internal control over financial reporting:

Material weakness(es) identified? ___yes x no

Control deficiency(ies) identified that are not considered to be material weakness(es)? ___yes x none reported

Noncompliance material to financial statements noted? ___yes x no

2. Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards

None

3. Findings and Questioned Costs for Federal Awards

N/A

4. Prior Year Audit Findings

None